

Message Text

LIMITED OFFICIAL USE

PAGE 01 LIMA 01101 091735Z
ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-01 PRS-01 /081 W
-----091738Z 112360 /50

P 091600Z FEB 77
FM AMEMBASSY LIMA
TO SECSTATE WASHDC PRIORITY 3648

LIMITED OFFICIAL USE LIMA 1101

E.O. 11652: N/A
TAGS: EFIN, PE
SUBJECT: PERU TO SEEK APPROXIMATELY \$250 MILLION IN BOP
FINANCING FOR 1977

1. FINANCE MINISTER LUIS BARUA, IN PRIVATE MEETING FEB. 8, WITH WELLS FARGO BANK SENIOR INTERNATIONAL ECONOMIST JOHN PARKANY (ACCOMPANIED BY ECON OFF), SAID THAT WITHIN A SHORT TIME HE WOULD TRAVEL TO U.S., EUROPE AND JAPAN TO INITIATE PERU'S QUEST FOR ABOUT \$250 MILLION FOR BALANCE OF PAYMENTS FINANCING FOR 1977. BARUA WAS NOT PRECISE ON TIMING FOR HIS TRIP, BUT HE GAVE IMPRESSION THAT IT WOULD BE WITHIN NEXT FEW WEEKS. HE INDICATED THAT PERU WOULD FOLLOW SAME BASIC GAME PLAN IT USED IN 1976 BOP ENDEAVOR, MEETING FIRST WITH COMMERCIAL BANK STEERING GROUP IN NEW YORK (WITH POSSIBLE SIDE TRIP TO SAN FRANCISCO) AND THEN GOING TO OTHER COUNTRIES.

2. MANAGER OF LOCAL CITIBANK BRANCH HAS TOLD US THAT BANCO DE LA NACION GENERAL MANAGER HERNAN BARRETO WILL PLAY THE LEADING ROLE IN THIS YEAR'S NEGOTIATIONS WITH THE COMMERCIAL BANKS THAT CENTRAL BANK PRESIDENT SANTISTEVAN PLAYED IN 1976. HE OPINED THAT SINCE U.S. BANKERS KNOW SANTISTEVAN BETTER THAN BARRETO AND THUS WOULD PREFER TO DEAL WITH HIM,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LIMA 01101 091735Z

SANTISTEVAN MAY HAVE TO JOIN IN THE NEGOTIATIONS AGAIN THIS YEAR TO ENSURE THEIR SUCCESS.

3. RE DRAWDOWN OF SECOND TRANCHE OF THE \$210 MILLION OBTAINED IN THE U.S. IN 1976, BARUA TOLD PARKANY IT WOULD TAKE PLACE ON FEBRUARY 21 WHILE SANTISTEVAN SAID FEBRUARY 25.

4. COMMENT: IT APPEARS RATHER EARLY IN THE YEAR FOR GOP TO SEEK GOP FINANCING. VARIOUS EVENTS, SUCH AS FAILURE OF BARUA TO MAKE PUBLIC PRESENTATION ON GOP ECONOMIC POLICY DURING JANUARY AS EXPECTED, AS CONTRASTED WITH FORTHRIGHT PRESENTATION OF PERU'S ECONOMIC PROBLEMS TO BUSINESSMEN AT AREQUIPA (NOVEMBER 21), GIVES RISE TO HYPOTHESIS THAT GROSS RESERVE POSITION OF YEAR-END 1976 WAS UNCOMFORTABLY LOW. WE SUSPECT THAT DURING FIRST HALF 1977 GOP WILL HAVE TO CONTINUE BOLSTERING GROSS RESERVE POSITION BY ALL AVAILABLE MEANS, I.E. SWAP DEALS AND BORROWINGS AGAINST NEW CREDIT PACKAGE. WE BELIEVE SINE QUA NON FOR CONTINUED ACCESS TO THREE-TO-SIX-MONTH TRADE FINANCING (A POOL OF CREDIT POSSIBLY AS LARGE AS \$500 MILLION) IS MAINTENANCE GROSS FOREIGN EXCHANGE POSITION BY CENTRAL BANK IN EXCESS \$250 MILLION; OTHERWISE FOREIGN COMMERCIAL BANKS ENGAGED ONLY IN THIS TYPE OF FINANCING WILL VIEW PERU AS AN EXCESSIVE RISK. DEAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LIMA01101
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770046-0719
Format: TEL
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770259/aaaacabo.tel
Line Count: 78
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 20df18c9-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3367289
Secure: OPEN
Status: NATIVE
Subject: PERU TO SEEK APPROXIMATELY \$250 MILLION IN BOP FINANCING FOR 1977
TAGS: EFIN, OVIP, PE, US, XG, JA, (BARUA, LUIS)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/20df18c9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009